



A handwritten signature in black ink, appearing to read "Lori O'Connor".

Lori O'Connor
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To: All NSA RSM's
Re: Gouge Analysis - Marlin

Attached is a spreadsheet that depicts the % of RJR's full price business at risk or "gouged" at retail. Retail gouge can be identified at the division and store level using the SIS pricing reports. This data was as of October '96, and does not encompass any changes to region boundaries made recently.

Boston has increased significantly primarily due to new minimum pricing laws enacted in the State of Mass. This probably also explains Buffalo's increase, as the boundary changes were not picked up for this data read.

Southern California data is being re-run without the Arizona calls to determine impact of the recent program run in the California part of the region. Preliminary data indicates the gouge for Southern California is increasing in Arizona geography.

Please feel free to call and discuss this analysis in more detail.

Sincerely,

Lori

Lori O'Connor

cc: J. Moore
K. Richardson
AVP's
AMO's
J. Maguire
S. Hawkins

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Full Price Gouge Analysis - Update

Gouge is stated in % of RJR full price business at risk due to errant pricing*
 CG outlets are listed Below

US	Sep-95	Dec-95	Jun-96	Oct-96	Diff
US	3.18	2.34	2.06	2.69	0.63
Boston	0.45	0.40	0.09	0.38	0.29
S. Calif.	0.36	0.31	0.21	0.36	0.15
S. Florida	0.09	0.04	0.17	0.27	0.10
N. Calif.	0.14	0.09	0.51	0.26	-0.25
Detroit	0.04	0.03	0.04	0.23	0.19
Atlanta	0.05	0.06	0.07	0.20	0.13
Buffalo	0.10	0.11	0.07	0.17	0.10
Seattle	0.32	0.23	0.13	0.15	0.02
Dallas	0.06	0.11	0.02	0.10	0.08
Philadelphia	0.11	0.10	0.11	0.09	-0.02
Chicago	0.06	0.02	0.08	0.07	-0.01
Cincinnati	0.02	0.00	0.07	0.06	-0.01
Minneapolis	0.00	0.02	0.02	0.06	0.04
NY-Metro	0.45	0.21	0.09	0.06	-0.03
Richmond	0.01	0.01	0.08	0.05	-0.03
Denver	0.28	0.10	0.09	0.04	-0.05
Houston	0.08	0.06	0.05	0.04	-0.01
Pittsburgh	0.04	0.09	0.11	0.04	-0.07
St. Louis	0.05	0.02	0.01	0.02	0.01
Win-Salem	0.08	0.11	0.01	0.01	0.00

* errant pricing is defined as base prices that are >=\$.51 between FP and Branded Savings

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GOUGE.XLS